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PROGRAMME PLANNING

Country and intercountry programmes and projects

# FIFTH COUNTRY PROGRAMME FOR GUYANA

| Programme period | Estimated resources | $ |
|---|---|---|
| 1994-1996 | Net IPF | 5 940 000 |
| | Estimated cost-sharing | 3 881 000 |
| | Total | 9 821 000 |

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# I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

## A. Current socio-economic situation

1. Guyana, whose human development index (HDI) ranking in 1993 was 105, with an HDI value of 0.541, is currently in the second phase of a three-year agreement with the International Monetary Fund (IMF), which was the culmination of a process initiated in 1989 by the Government for the structural adjustment of the economy and the formulation of an economic recovery programme (ERP).

2. The programme aims to improve incentives and domestic resource allocation by increasing reliance on market price mechanisms; eliminate price controls; adopt a public sector price and tariff system based on production costs; and abolish deterrents to private initiative. The ERP also proposes to reduce the overall fiscal deficit, broaden the tax base and restructure the central administration. Divestment or privatization of public enterprises is also pivotal.

3. A Social Impact Amelioration Programme (SIMAP) was established in 1989 to facilitate self-help activities, employment creation, training for the acquisition of technical and vocational skills and community upgrading activities, as a means of assisting persons, groups and communities most affected by the adjustment process.

4. The overall impact of the ERP has been beneficial to such an extent that Guyana achieved a real growth in gross national product (GNP) of 6.1 per cent in 1991, 7 per cent in 1992 and 8.3 per cent in 1993. The fiscal gap with respect to central government transactions was narrowed to 27 per cent of gross domestic product (GDP) from a projected 40 per cent. The rate of inflation was lowered to 7 per cent in 1993, and there is an open and stable foreign exchange regime in place. Private investment inflows for 1993 totalled approximately $40 million. However, the government-guaranteed external debt, which stood at $2.2 billion at the end of 1993, and the vacancy rate of approximately 40 per cent with respect to senior-level and professional posts in the central government, place severe constraints on economic recovery and growth. The national elections of October 1992 and the resultant change in administration created a democratic climate and led to higher levels of accountability and more astute management of national resources.

## B. National development objectives and strategies

5. The overall national development objective is the reconstruction of the economy. Given limited resources, the Government has developed an action plan that focuses on (a) creating a viable macroeconomic framework; (b) reversing the deterioration in physical and social infrastructure and services necessary for development; (c) encouraging the exploitation of the country's natural resources within an environmentally sound and sustainable framework; (d) improving the country's human resource base and implementation capacity; (e) implementing public administration reforms; and (f) instituting a judicious and transparent process of privatization and divestment of public enterprises.

6. The Government has been pursuing policies aimed at ensuring a macroeconomic climate necessary for the success of the action plan. This includes reducing the public sector deficit, restructuring the public debt, restraining the growth of money and credit, improving macroeconomic management and privatizing or divesting loss-making public enterprises.

7. With respect to sectoral policies and strategies, the goal in agriculture, which is the largest contributor to GDP, is to rehabilitate such infrastructure as drainage and irrigation systems and feeder roads and upgrade research and seed production capacities. In the mining sector, the Government's policy is to rehabilitate the bauxite industry and accelerate exploitation and development of precious metals and stones with maximum value added, in an environmentally sound and sustainable manner. In forestry, the Government proposes to foster substantial growth in production and exports, without causing environmental degradation.

8. The Government has accorded the private sector the lead role in industrial and manufacturing production for export and in eco-tourism development and is in the process of strengthening its Environmental Protection Agency to monitor activities in the various productive sectors more effectively.

9. The Government is focusing on education and training, to supply the skills needed for growth and development, and on satisfying basic human needs in nutrition, health and housing. It has embarked on reform of regional and local government to ensure broad-based participation in the development process.

## II. EXTERNAL COOPERATION

### A. Role of external cooperation

10. The total financing requirements for the 1994-1996 period are estimated at over $500 million. A special subgroup meeting of the Caribbean Group for Cooperation in Economic Development (CGCED), which met in Guyana in January 1994, succeeded in eliciting commitments of some $320 million from donors and the multilateral financial institutions, including the World Bank, IMF, Inter-American Development Bank (IDB), the Caribbean Development Bank (CDB) the Organization of American States (OAS) and UNDP. The remaining funds are expected to be obtained from direct investment inflows, bilateral debt relief and long-term loans.

11. Development assistance inflows during 1992 amounted to $109.4 million, compared to $142.4 million in 1991. The 23 per cent decrease was due in large measure to donor uncertainty pending the outcome of the 1992 national elections. There were 19 donors - 13 multilateral and 6 bilateral - financing 144 projects in the following sectors: economic management ($46 million); agriculture ($30.2 million); natural resources ($9 million); area development ($6.6 million); human resources ($4.6 million); development administration ($4.5 million); industry ($3.6 million); humanitarian aid ($1.3 million); international trade ($1.2 million); transport ($0.95 million); health ($0.75 million); energy ($0.32 million); and social development ($0.23 million). Of the total amount, bilateral donors accounted for 17.8 per cent, United

Nations system agencies contributed 7.3 per cent, and other multilateral agencies, including multilateral financial institutions, contributed 74.9 per cent.

### B. Aid coordination arrangements

12. The Economic Affairs Division of the Ministry of Foreign Affairs is the government coordinating agency for technical cooperation from the United Nations system and bilateral donors. The Ministry intends to refocus and intensify its efforts within the framework of its economic diplomacy thrust. The Ministry also acts as the government focal point for technical cooperation among developing countries (TCDC), Transfer of Knowledge through Expatriate Nationals (TOKTEN), United Nations Short-Term Advisory Services (UNISTAR) and United Nations Volunteers (UNV) programmes. A National Execution Unit has been established within the Ministry to supervise the implementation of all nationally executed projects.

13. The role of UNDP in donor coordination, through the mechanism of the CGCED and semi-annual meetings on the Macroeconomic Information and Management Programme, is well appreciated. Increasingly, and to the benefit to the country, the lead responsibility for aid coordination will be fully assumed by the Government.

## III. THE COUNTRY PROGRAMME

### A. Assessment of ongoing country programme

14. The fourth country programme (1987-1991), which was extended to December 1993, focused on two main objectives: (a) optimizing the output of the productive sectors; and (b) improving public sector planning and management. UNDP assistance was provided in agriculture, industry, science and technology, public sector and public enterprise restructuring, poverty alleviation, macroeconomic management and governance and education and human resources development. Approximately 55 per cent of indicative planning figure (IPF) resources were devoted to optimizing the output of the productive sectors, while 44.9 per cent of resources were devoted to improving public sector planning and management.

15. In agriculture, UNDP assistance has contributed to increased exports of such non-traditional agricultural products as vegetables and citrus fruits to the Caribbean and Europe; and improved national capacity for agricultural research and seed production and distribution. A new blast resistant, high-yielding variety of rice has been developed, while several others are at various stages of development.

16. UNDP assistance to the private sector has contributed to a 200 per cent increase in exports from the garment sector and a 50 per cent increase in furniture exports. UNDP Management Development Programme resources and cost-sharing funds provided by the CDB, the World Bank and the IDB resulted in the restoration of capacity of the Statistical Bureau and the Bank of Guyana to

produce statistical bulletins, abstracts and other data series; while the Ministry of Finance is more efficiently and effectively managing central government planning and budgeting functions.

17. In the social sector, assistance to the SIMAP has strengthened national capacity to attract and implement sizeable assistance from the IDB, the European Union and the World Bank. In addition, some 136,000 textbooks have been produced in eight subject areas covering the first two years of the secondary school curriculum. UNDP assistance to the Guyana Elections Commission played a critical role in preparing the final voters' list and in putting in place logistical and other arrangements for free and fair national elections held in October 1992. This was a critical intervention in which UNDP comparative advantages of neutrality and flexibility resulted in a relatively smooth electoral process. Further assistance is being provided for the 1994 municipal and local government elections.

18. The mid-term review, while generally positive, recommended increased use of the national execution modality; greater efforts to provide national counterparts for experts and consultants; and the need to increase the pace of delivery of the programme.

19. Consistent with the recommendations of the review, the national execution modality was used increasingly in the last year of the cycle and during 1992 and 1993. The lack of adequate counterpart staff due to poor conditions and remuneration has remained a problem that the Government is addressing through improved incentives for public sector employees. The level of IPF resources increased significantly in 1991 and 1992.

## B. Proposals for UNDP cooperation

### 1. Preparatory process

20. Sectoral reviews undertaken by several United Nations agencies contributed to the content and orientation of the new programme. The programme strategy has also taken into account the mid-term review of the fourth country programme.

### 2. Strategy for UNDP cooperation

21. UNDP assistance to the Government will continue to play a catalytic role in financing activities in selected sectors and will be used as seed money in a few instances to support other donor programmes. UNDP will be requested to assist in formulating and implementing a comprehensive resource mobilization programme to secure $71 million in external assistance, which the Government will seek beginning in 1994. UNDP will also play a strategic role in providing assistance for undertaking policy studies, gathering baseline data in order to improve decision-making and strengthening the institutional framework for certain critical infrastructural agencies which service the productive sectors. Finally, UNDP assistance will be used to support and strengthen national capacity to execute and implement the various economic and social programmes.

22. The strategic points of entry identified above are consistent with the areas of comparative advantage that UNDP has demonstrated over the years. Thus, the Government is convinced that the flexibility and non-conditionality of UNDP assistance will allow it to play the role of catalyst and provider of seed money for certain critical programmes while enabling the mobilization of support from other donors. Also, the neutrality of UNDP and other United Nations system agencies is appropriate for providing the Government with policy advice and baseline studies to facilitate sound decisions in all sectors of the economy and make management of developmental activities a transparent process. Similarly, UNDP access to a global pool of skills and human resources is particularly useful for assisting Guyana to rebuild its human resource base and to mobilize external technical cooperation and capital assistance in support of the country's development goals.

## 3. Proposed UNDP cooperation in selected areas of concentration

### Strengthening of physical infrastructure in support of the productive sectors

23. A fundamental problem in this area relates to the inadequacies in data/information bases and monitoring and regulatory capacities of agencies responsible for physical infrastructure to ensure sustainable development of the productive sectors. The objective is, therefore, to improve data/information bases and the capacity and efficiency of critical monitoring and regulatory agencies, with a view to providing an environment for sustainable public and private sector productive activities.

24. UNDP will be requested to assist in conducting baseline studies and research and providing data for policy-making; to advise on the rehabilitation/restructuring of regulatory and planning agencies responsible for such physical infrastructure as roads, airports and seaports and to upgrade the agency responsible for commercial and industrial standards; and to review activities in the various productive sectors, in particular gold-mining, to ensure that they are environmentally sound and sustainable.

25. The baseline studies will contribute immeasurably to proper planning and donor coordination. The establishment of regulatory bodies will lead to more efficient planning and development of the main means of transportation and communications, while attention to commercial standards will be vital in order to ensure high quality output from the productive sectors. A review of the operations of small-scale gold-miners will result in the crafting of appropriate monitoring and management methods to ensure environmentally safe exploitation of the country's mineral resources.

26. Parallel and complementary assistance to other regulatory agencies in this area of concentration has already been negotiated with the IDB, World Bank, CDB, the Government of Canada and the Overseas Development Administration (ODA). Thus the Hydraulics Division of the Ministry of Agriculture, the Georgetown Sewerage and Water Commission, the Ministry of Public Works, Communications and Regional Development, the Guyana Water Authority and the Guyana Forestry Commission are to benefit from $68 million in technical cooperation and capital

assistance from these agencies. The CDB has an ongoing Studies and Expert Fund of approximately $800,000 to carry out studies and recruit experts to advise on policy matters.

27. Approximately 17 per cent of IPF and cost-sharing resources are allocated to this area of concentration.

Improved delivery and quality of services in the social sectors

28. In this area there is a critical need to rapidly improve living standards and access to social sector amenities and services, especially for the poorer segments of society. The Government's objective is to raise overall quality of life through provision and improved delivery of, and access to, such critical social services as health, housing/shelter and education. UNDP assistance will be used, first, to develop strategies for poverty alleviation through self-help, micro activities and community development; second, to pursue catalytic activities aimed at addressing problems of quality and delivery of services in the social sectors; and, third, to develop instructional/educational materials in support of initiatives in the education sector.

29. Interventions aimed at developing strategies for upgrading community services in depressed urban areas and squatter settlements will benefit approximately 30,000 persons who reside in these areas. Improving the quality of instruction and access to instructional and research materials will lead to improvement in the quality of education for the approximately 175,000 children in the primary and secondary school system. Interventions in health and nutrition will benefit the entire population, and in particular the young and residents in hinterland areas, who are most at risk of contracting opportunistic diseases.

30. Complementary assistance is on stream and in the pipeline from the World Bank, IDB, the United Nations Children's Fund (UNICEF), the Pan American Health Organization/World Health Organization (PAHO/WHO), and the World Food Programme (WFP), in areas such as health improvement and rehabilitation, primary education improvement, training of health-care workers, nutrition, immunization, water and sanitation, strengthening of maternal and child health-care services, nursery school education, AIDS awareness and prevention. Combined technical cooperation and capital assistance in these social sector areas is approximately $98 million.

31. Approximately 17 per cent of IPF and cost-sharing resources are allocated to this area of concentration.

Capacity-building and improvement in macroeconomic management

32. The severe shortage of skilled and adequately trained personnel nationwide, but especially in the public service, is affecting Guyana's capacity to plan and implement a viable and self-sustaining development programme. Currently, there is inadequate institutional capacity in the central government agencies responsible for macroeconomic management, revenue collection, budgeting and auditing, which seriously impairs the Government's capacity to monitor development in the economy, devise appropriate macroeconomic, fiscal and

monetary policies, and finance its public sector investment programme. Similar institutional weaknesses in the organs of governance constrain the ability of citizens to impact on the decision-making processes at various levels; these weaknesses contribute to inadequate societal participation in the development process.

33. The national objectives in this thematic area are twofold. First, human resources and the types of skills required for rebuilding the country will be accorded priority attention. Accelerated programmes will include formal and on-the-job training as well as skills transfer programmes, with a strong focus on capacity-building for national development. Second, critical central, regional and local government agencies are to be strengthened in order to improve policy formulation, implementation and monitoring. In addressing both objectives, significant attention will be placed on sustaining the pillars of good governance through wide consultations, transparent decision-making processes and enforcement of the highest standards of accountability, which will ensure full participation of all citizens in the current democratic political system.

34. The flexibility and neutrality of UNDP and other United Nations system organizations are critical elements in the country programme strategy. First, UNDP will provide the Government with policy advice and assistance in the implementation of agreed recommendations with respect to the operation of agencies involved in macroeconomic management. The central government revenue collection agencies and the budget, accounting and audit offices will be targeted specifically for UNDP support. The interventions supported by UNDP in relation to macroeconomic management will contribute to an improvement in the revenue-raising function. Ultimately, this will result in a further reduction, if not elimination, of the budget deficit.

35. Second, to alleviate the constraints on national capacity for management and implementation of development programmes, UNDP will employ a mix of modalities intended to help the Government find viable solutions to close the skills gaps in key areas of operation. Such modalities as TCDC, TOKTEN, and, in particular, the national UNV scheme and UNISTAR will be employed for this purpose. The terms of reference for all assignments will reflect emphasis on skills transfer through job training. The implementation of this strategy will be coordinated with other donors, namely the World Bank and the Government of the United Kingdom of Great Britain and Northern Ireland, which are providing major support for national capacity building through a large public administration reform initiative. UNDP support will have an impact on priority sectors, namely, health, education and training, manufacturing and industrial development and environmental management and monitoring, where the skills of Guyanese are in critically short supply.

36. Third, building on UNDP technical cooperation in support of national elections during the fourth country programme, assistance will be provided for continuing reform of the electoral machinery and other organs of governance. This assistance will contribute to ensuring the conditions necessary for solid growth and sustainable human development.

37. Complementary assistance for this area of concentration includes support for public sector reform from the ODA and assistance from the World Bank for a $7 million public administration project. The cost of that project will be shared with the Government of the United Kingdom, which will finance a recruitment programme for qualified Guyanese professionals and will address personnel management and remuneration issues in the civil service and regional administrations. Other complementary assistance includes support from the Carter Centre for strengthening the Guyana Elections Commission and the various volunteer and senior executive services administered by the Governments of Canada, Great Britain and the United States of America.

38. Approximately 59 per cent of IPF and cost-sharing resources are allocated to this area of concentration.

## C. Assistance outside the selected areas of concentration

39. In the area of environment and natural resource conservation, UNDP will continue its support to the Iwokrama Rain Forest Programme through the Global Environment Facility (GEF). The assistance focuses on preserving Guyana's unique biodiversity through an international programme of scientific research on the country's tropical rain forest resources. This will contribute to enhanced world-wide knowledge of methods for effective management and sustainable utilization of the forest resources. Guyana also intends to seek Special Programme Resources under the Capacity 21 funding window for the purpose of drafting a national Agenda 21. It is envisaged that this will be a participatory process involving wide-ranging consultations with non-governmental organizations (NGOs), community-based organizations, the private sector and the university. UNDP Partners in Development Programme will also be targeted for assistance in poverty alleviation and employment creation activities specifically benefiting the most vulnerable groups, namely women and youth.

## D. Implementation and management arrangements

40. The Government will continue to utilize the national execution modality to the extent possible, while relying on United Nations system agencies where necessary to assist in programme and project implementation. At least 20 TCDC exchanges are projected annually, while national and international UNV specialists are expected to average around 30 per annum. TOKTEN and UNISTAR consultancies are expected to continue at historical levels of 20 per annum.

41. The Government has embarked on a comprehensive resource mobilization programme and will rely on the neutrality and expertise of UNDP for assistance in conducting the programme. UNDP assistance will be requested to fund external resource mobilization missions, organize sectoral round-table conferences and provide seed money for project preparation. The Government will also rely on the Guyana country office to provide development support services and other coordination and implementation assistance as envisaged in General Assembly resolution 47/199 of 22 December 1992.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

| | | |
|---|---|---|
| Carry-over from fourth cycle IPF | (1 994) | |
| Fifth cycle IPF | 13 996 | |
| Actual 1992 expenditure | (2 862) | |
| Estimated 1993 expenditure | (3 200) | |
| Subtotal IPF | | 5 940 |
| Project cost-sharing (Government) | 3 445 | |
| Project cost-sharing | 436 | |
| Subtotal cost-sharing | | 3 881 |
| TOTAL | | 9 821 |

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

| Area of concentration | Thousands of dollars | | | Percentage of total resources |
|---|---|---|---|---|
| | IPF | Cost-sharing | Total | |
| Rehabilitation of physical infrastructure services | 1 061 | - | 1 061 | 10.8 |
| Improved services in social sectors | 1 090 | - | 1 090 | 11.1 |
| Capacity-building and macroeconomic management | 290 | 3 445 | 3 735 | 38.0 |
| Subtotal | 2 441 | 3 445 | 5 886 | 59.9 |
| Unprogrammed reserve | 3 499 a/ | 436 | 3 935 | 40.1 |
| TOTAL | 5 940 | 3 881 | 9 821 | 100.0 |

a/ Representing an unprogrammed reserve of 25 per cent of IPF for fifth cycle.

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

| | | |
|---|---|---|
| A. | UNDP-administered funds | |
| | SPR | 160 |
| | UNCDF | |
| | UNSO | |
| | UNIFEM | |
| | UNRFNRE | |
| | UNFSTD | |
| | Global Environment Facility (GEF) | 3 000 |
| | Subtotal | 3 160 |
| B. | Other United Nations resources | |
| | JCGP participating agencies | |
| | UNFPA | |
| | UNICEF (1994) | 750 |
| | WFP | 7 500 |
| | IFAD | |
| | Other United Nations agencies (non-UNDP financed) | 481 |
| | Subtotal | 8 731 |
| | Total non-core and other United Nations resources | 11 891 |
| C. | Non-United Nations resources | 114 092 |
| | TOTAL | 125 983 |

Annex II

PROGRAMME MATRIX

| Area of concentration | Area of focus a/ | | | | | |
|---|---|---|---|---|---|---|
| | Poverty eradication and grass-roots participation in development | Environment and natural resource management | Management development | TCDC | Transfer and adaptation of technology | WID |
| I. REHABILITATION OF PHYSICAL INFRASTRUCTURE SERVICES | | | | | | |
| Ports | | * | | | | |
| Mining | * | * | | | | |
| Transport | | * | | | | |
| Commercial standards | | * | | | | * |
| II. IMPROVED SERVICES IN SOCIAL SECTORS | | | | | | |
| Education | | | | | | |
| Health | | * | | | | * |
| Housing | * | * | | * | | * |
| Community development | * | * | | | | * |
| III. CAPACITY-BUILDING AND MACROECONOMIC MANAGEMENT | | | | | | |
| Public administration reform | | | * | * | | * |
| Reform of the state | * | | | * | | * |
| National capacities | | | * | * | | * |

a/ Asterisks indicate major linkage only.

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Corrigendum

Page 7, paragraph 27, line 1

For Approximately 17 per cent read Approximately 11 per cent

Page 7, paragraph 31, line 1

For Approximately 17 per cent read Approximately 11 per cent

Page 9, paragraph 38, line 1

For Approximately 59 per cent read Approximately 38 per cent

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